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# Insurance Fraud Case Highlights



*OIFP Deputy Attorney General Frank Holstein addresses the Honorable Frederick De Vesa in Middlesex County Superior Court.*





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The law provides for a number of means by which the Office of the Insurance Fraud Prosecutor (OIFP), and those law enforcement agencies working in conjunction with OIFP, can take action against insurance fraud violators. The most formidable of those actions are those involving criminal prosecutions. Criminal prosecutions may result in penalties ranging from the imposition of State prison or county jail sentences to probationary or diversionary dispositions. These sentences are also usually accompanied by the imposition of criminal fines and/or the payment of restitution. Summaries of some of the most significant criminal cases brought by OIFP and County Prosecutors in 2003 are set forth in this section of the Report.

Those who defraud the Medicaid Program are subject to the same criminal sanctions as those who defraud private insurance carriers. In addition to the imposition of criminal penalties,

however, other sanctions may be imposed upon Medicaid defendants, such as debarment from participation in the Medicaid Program as a Medicaid provider. Where a criminal prosecution is not viable, Medicaid providers may also be sued under civil federal or State false claims statutes. Oftentimes, these cases result in settlements involving restitution and the imposition of civil fines. Highlights of such cases are included herein.

The Insurance Fraud Prevention Act (Fraud Act), N.J.S.A.17:33A-1, et seq., specifically provides OIFP with authority to impose civil fines on insurance fraud violators in addition to or as an alternative to criminal prosecution. Summaries of cases in which OIFP entered into Consent Orders providing for the voluntary payment of such fines, as well as cases in which OIFP's civil attorneys pursued such violators through civil litigation are also included.

When persons who are licensed by



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the State commit insurance fraud, action may be taken by the appropriate licensing board against the person's license. Such actions may include the suspension or revocation of the license, or provide for a voluntary surrender of the license. Summaries of cases in which licensing authorities and OIFP coordinate their efforts in order to effect a licensing sanction are also included in this Report.

The following tables summarize OIFP's 2003 statistics in criminal and civil actions. Also included is a table of licensing actions taken by the licensing authorities against professional licens-

ees who committed insurance fraud.

As reflected in the criminal table, in 2003, OIFP opened 474 new criminal investigations and filed criminal charges by Accusation or indictment against 337 defendants. OIFP prosecutions during the year resulted in the conviction of 204 defendants. Of the 224 defendants sentenced in 2003, 46 received jail terms totaling 117 years. Further, a total of over \$8 million in restitution was ordered, including restitution imposed in civil actions.

As indicated in the civil table, OIFP opened 10,100 new civil insurance fraud cases in 2003 and assigned

## OIFP Criminal Investigations and Prosecution Statistics

January 1, 2003 - December 31, 2003

New Cases Opened	474
Indictments/Accusations Filed	215
Number of Defendants Charged	337
Number of Defendants Convicted	204
Number of Defendants Sentenced	224
Number of Defendants Sentenced to State Prison	26
Total Number of Years	106
Number of Defendants Sentenced to County Jail	20
Total Number of Years	11
Total Criminal Fines Imposed	\$24,350
Total Criminal Penalties Imposed	\$34,805
Total Civil Penalties/Fines Imposed in Medicaid Cases	\$2,813,927
Total Restitution Imposed	\$8,028,595 <sup>1</sup>

1. This total includes restitution imposed in all OIFP criminal and civil actions.

# OIFP Civil Investigations and Litigation Statistics<sup>2</sup>

January 1, 2003 - December 31, 2003

Civil Investigations	Number	Dollar Amount
New Cases Opened	10,100	-
Number Forwarded for Investigation	5,776	-
No Investigation Warranted	4,324	-
<b>Sanctions Imposed</b>		
Insurance Fraud Letters of Admonition	2,251	-
Administrative Consent Orders Issued	563	\$3,312,750
Administrative Consent Orders Executed	359	\$1,251,613
Settlements Entered	168	\$519,024
Judgments Entered	397	\$3,094,195
Complaints Filed	284	-
<b>Collections</b> (Department of Banking and Insurance) <sup>3</sup>		
Number of OIFP Accounts Paid in Full	562	-
Total Amount Received	-	\$1,846,821

2. These statistics comprehensively reflect the number of discrete actions undertaken by the Office of the Insurance Fraud Prosecutor in pursuing civil sanctions against insurance fraud violators. It should be noted that, in some instances, more than one action was taken against a single violator or for a single violation.

3. These figures were reported by the Department of Banking and Insurance which is responsible for the Collections function.

5,776 for further investigation. OIFP issued 563 Administrative Consent Orders totaling \$3,312,750 during 2003. OIFP obtained 359 Executed Consent Orders totaling \$1,251,613 in which subjects voluntarily admitted committing insurance fraud and agreed to pay the civil fine imposed. In addition, OIFP effected 168 settlements totaling \$519,024 and obtained 397 judgments totaling \$3,094,195. Further, OIFP civil attorneys filed 284 lawsuits against Fraud Act violators in 2003.